

House Is Ready To Pass Diluted Tourist Tax Bill

The House moved today toward passage of a watered-down tourist tax bill.

The bill would levy a 5 percent tax on airline tickets for travel from the United States to foreign countries — matching the tax now collected on domestic tickets — and would reduce the duty exemptions for goods brought or mailed home by American tourists.

Treasury officials estimated the bill would trim \$140 million from the U.S. balance-of-payments deficit. Rep. Wilbur D. Mills, D-Ark., chairman of the House Ways and Means Committee, admitted the impact would be relatively minor.

The committee has rejected at least for the time being the Johnson administration's proposal for a stiff tax on spending by American tourists traveling abroad.

Mills said yesterday this kind of tax may not be needed if Americans voluntarily curtail foreign travel, or reduce spending when they do take trips abroad.

Because the tourist tax bill was pending on the House floor, Senate and House conferees postponed until tomorrow their second meeting on legislation to impose a ten percent income surtax on individuals and corporations, and to cut federal spending by \$6 billion.

The Senate added these and other provisions to a House bill postponing reductions of auto and phone excise taxes and accelerating corporation tax payments.

No decisions were made at the conferees' first meeting yesterday. The conference is expected to continue into next week.

Most congressional sources predict the House will reject the Senate's package of tax increases and spending cuts. The Senate's action may persuade the House to act later on separate legislation in this field, however.

Participants said Treasury Secretary Henry H. Fowler and Budget Director Charles Zwick argued at yesterday's conference for House acceptance of the surtax, but opposed the spending cuts as unworkable.